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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the three months ended March 31, 1992

Commission File Number 0-14371

82-2258

COMPUCOM SYSTEMS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**38-2363156**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
9333 Forest Lane, Dallas, TX	**75243**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(214) 783-1252**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

The number of shares of the registrant's common stock outstanding as of April 30, 1992 was 29,225,029 shares.

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COMPUCOM SYSTEMS, INC. AND SUBSIDIARIES

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COMPUCOM SYSTEMS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

Assets	March 31, 1992 (unaudited)	December 31, 1991
Current assets		
Cash	$ 2,595,000	$ 4,495,000
Trade receivables	94,541,000	111,533,000
Inventories	92,123,000	98,123,000
Other	768,000	913,000
Total current assets	190,027,000	215,064,000
Property and equipment, net	4,663,000	3,163,000
Cost in excess of fair value of tangible net assets purchased, less accumulated amortization	9,940,000	10,218,000
Other assets, at cost, less accumulated amortization	965,000	1,016,000
	$ 205,595,000	$ 229,461,000
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 74,883,000	$ 95,119,000
Accrued liabilities	10,227,000	10,844,000
Subordinated debentures	4,017,000	3,975,000
Total current liabilities	89,127,000	109,938,000
Long-term debt	75,354,000	79,724,000
Deferred income taxes	4,312,000	4,298,000
Stockholders' equity		
Preferred stock	2,438,000	2,438,000
Common stock	292,000	291,000
Additional paid-in capital	20,260,000	20,041,000
Retained earnings from July 1, 1987	13,812,000	12,731,000
Total stockholders' equity	36,802,000	35,501,000
	$ 205,595,000	$ 229,461,000

See accompanying notes to consolidated financial statements.

COMPUCOM SYSTEMS, INC. AND SUBSIDIARIES

Consolidated Statements of Operations

Three months ended March 31, 1992 and 1991

	1992	1991
	(unaudited)	
Net revenues	$ 158,906,000	$ 89,985,000
Cost of revenues	135,919,000	75,585,000
Gross margin	22,987,000	14,400,000
Expenses		
Selling	13,667,000	8,590,000
General and administrative	5,014,000	3,324,000
Interest	1,916,000	1,199,000
Depreciation and amortization	589,000	281,000
	21,186,000	13,394,000
Earnings before income taxes	1,801,000	1,006,000
Income taxes	720,000	402,000
Net earnings	$ 1,081,000	$ 604,000
Earnings per common share	$ .03	$ .02

See accompanying notes to consolidated financial statements.

COMPUCOM SYSTEMS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Three months ended March 31, 1992 and 1991

	1992	1991
	(unaudited)	
Cash flows from operating activities		
Net earnings	$ 1,081,000	$ 604,000
Adjustments to reconcile net earnings to net cash provided (used) by operating activities		
Depreciation and amortization	589,000	281,000
Deferred income taxes	614,000	193,000
Original issue discount	42,000	
Changes in assets and liabilities		
Receivables	16,992,000	(592,000)
Inventories	6,000,000	8,855,000
Other current assets	145,000	167,000
Accounts payable	(20,836,000)	(10,576,000)
Accrued liabilities and other	(407,000)	(1,445,000)
Net cash provided (used) by operating activities	4,220,000	(2,513,000)
Cash flows from investing activities		
Capital expenditures, net	(1,760,000)	(276,000)
Other assets		(414,000)
Net cash used in investing activities	(1,760,000)	(690,000)
Cash flows from financing activities		
Net (repayments) borrowings under bank credit facility	(4,370,000)	3,019,000
Issuance of common stock	10,000	
Net cash (used) provided by financing activities	(4,360,000)	3,019,000
Net decrease in cash	(1,900,000)	(184,000)
Cash at beginning of period	4,495,000	1,609,000
Cash at end of period	$ 2,595,000	$ 1,425,000

See accompanying notes to consolidated financial statements.

COMPUCOM SYSTEMS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

March 31, 1992

(1) General

These condensed interim consolidated financial statements should be read in conjunction with the consolidated financial statements and the summary of significant accounting policies and notes thereto included in the Company's 1991 Annual Report on Form 10-K. The information furnished is unaudited but reflects all adjustments consisting only of normal recurring accruals which are, in the opinion of management, necessary to present a fair statement of the results for these interim periods. Interim results are not necessarily indicative of results expected for the full year.

(2) Reclassifications

Certain amounts in the 1991 consolidated financial statements have been reclassified to conform with the 1992 presentation.

Results of Operations

Net revenues for the three months ended March 31, 1992 increased 77% to $158.9 million from $90.0 million for the same period in 1991. The significant increase in net revenues for the first quarter of 1992 is due to strong internal growth (40%) through focused selling strategies, combined with revenue growth (37%) associated with the second quarter 1991 acquisition of The Computer Factory, Inc. and the purchase of certain assets of Photo & Sound Company's microcomputer business in the third quarter of 1991.

The gross margin percentage relationship to net revenues in the first quarter of 1992 (14.5%) was comparable to the fourth quarter of 1991 (14.7%), however, it decreased when compared to the first quarter of 1991 (16%). The lower gross margin is attributable to industry-wide pricing pressures, reduced utilization of vendor programs, and increased competition from clones, partially offset by enhanced service related contributions. The Company believes that gross margins will continue to be influenced by industry-wide pressures including the nature and timing of vendor incentive programs. Future improved profitability will depend on the Company's ability to monitor and contain certain operating expenses in relation to the prevailing gross margin levels, increased focus on service contributions, and the effective utilization of vendor programs.

The following chart summarizes expenses as a percentage of net revenues for the three months ended March 31, 1992 and 1991:

	1992	1991
Selling	6.4%	6.7%
Service	2.2%	2.9%
General and administrative	3.1%	3.7%
Depreciation and amortization	.4%	.3%
Operating expenses	12.1%	13.6%
Interest	1.2%	1.3%
	13.3%	14.9%

Operating expenses for the first quarter of 1992 increased by $7.1 million or 58% from 1991 first quarter levels. In absolute dollars, operating expenses increased in all categories to support the significant revenue growth with employee related expenses the largest contributor. However, selling, service and general and administrative expenses decreased as a percentage of net revenues due to improved efficiencies and the fixed cost components being spread over a larger revenue base. For the remainder of 1992, operating expenses as a percentage of net revenues are expected to decline as the Company continues to leverage its infrastructure and enhances cost controls.

Interest expense increased in the first quarter of 1992 compared to the same period in 1991 due to higher working capital needs to support the Company's rapid revenue growth. Lower interest rates in 1992 were partially offset by the utilization of vendor capacity and subordinated debentures, which are at higher rates, to fund the revenue growth.

Liquidity and Capital Resources

As the result of significant revenue and asset growth the Company has utilized its bank credit facility, equity financing and operating earnings to fund the Company's operating activities. The Company maintains satisfactory relationships with several banks. The Company maintains an $85 million credit facility with a major bank group. The banking industry continues to employ more restrictive lending practices which are expected to continue during 1992. Although not anticipated, it is possible that the continued implementation of these practices could impede the ability of the Company to continue expanding its credit facilities to fund business activities. Management believes that additional debt or equity financing will be required to support the Company's future growth.

Net cash provided by operations for the three months ended March 31, 1992 totaled $4.2 million, of which $2.3 million resulted from net earnings plus noncash items. Working capital at March 31, 1992 is $100.9 million compared to $105.1 million at December 31, 1991. Active management of inventory levels resulted in inventory declining by $6.0 million as of March 31, 1992 compared to December 31, 1991. Accounts receivable declined $17.0 million during the first quarter of 1992 due to collections of a high level of year end receivables and a decrease in days sales outstanding.

The microcomputer distribution business is not capital asset intensive, and capital expenditures in any year normally would not be significant in relation to total assets. The Company generally funds its capital asset requirements through internally generated funds, the bank credit facility or leasing sources. The Company anticipates spending approximately $3.0 million for the remainder of 1992, primarily for improvements, warehouse equipment and enhancements to its management information systems. In addition, as a result of a very favorable opportunity to own rather than lease, the Company intends to purchase a building for approximately $3.0 million.

In April 1992, the Company acquired certain assets and assumed certain liabilities of a systems integration company for a net of approximately $2.5 million.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) **Exhibits**

Exhibit No.	Description	Page
11	Computation of Per Share Earnings	10

No other exhibits are required to be filed by the Registrant during the quarter ended March 31, 1992.

(b) **Reports on Form 8-K**

The registrant filed a report on Form 8-K on May 4, 1992, relating to the acquisition of certain assets of CompuServe Systems Integration Group Southwest, Inc., formerly MicroSolutions. Item 5 - Other Events and Item 7 - Financial Statements and Exhibits were listed on Form 8-K incorporating by reference the press release issued by the registrant on April 20, 1992. No additional financial information was required.

No other reports on Form 8-K have been filed by the registrant during the three months ended March 31, 1992.

COMPUCOM SYSTEMS, INC. AND SUBSIDIARIES

Exhibit 11

Computation of Per Share Earnings

Three months ended March 31, 1992 and 1991

	1992	1991
Net earnings	$ 1,081,000	$ 604,000
Preferred stock dividend	(49,000)	
	$ 1,032,000	$ 604,000
Average common shares outstanding	29,175,000	28,517,000
Average common share equivalents		
Options	1,857,000	1,006,000
Warrants	792,000	95,000
Average number of common shares and common share equivalents outstanding	31,824,000	29,618,000

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMPUCOM SYSTEMS, INC.
(Registrant)

DATE: May 11, 1992

Avery More,
President and Chief Executive Officer

DATE: May 11, 1992

Robert J. Boutin,
Senior Vice President, Finance and
Chief Financial Officer